

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-01 INR-05 L-01

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TAGS: ETRD, SZ, AL, CH

SUBJ: SWISS-ALBANIAN TRADE AGREEMENT, 1974

SUMMARY: SWITZERLAND AND ALBANIA SIGNED BILATERAL TRADE AGREEMENT ON OCTOBER 28, 1974. TERMS OF AGREEMENT WERE STANDARD FOR SWISS AGREEMENTS WITH SOCIALIST COUNTRIES. SWISS EXPECT LITTLE CHANGE IN GROWTH OF TRADE WITH ALBANIA, AND VIEW THE CONCLUSION OF THE AGREEMENT AS A POLITICAL MOVE ON THE PART OF THE ALBANIANS. END SUMMARY.

1. SWISS AND ALBANIAN TRADE OFFICIALS SIGNED BILATERAL TRADE AGREEMENT IN BERN ON OCTOBER 28, 1974. SWISS OFFICIALS WHO NEGOTIATED THE AGREEMENT DESCRIBED IT AS STANDARD SWISS AGREEMENT FOR TRADE WITH SOCIALIST COUNTRIES, BASIC ASPECTS OF WHICH ARE MFN CLAUSE, AND SAFEGUARDS PROVISION FOR PROTECTION AGAINST TRADE
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PRACTICES AND PRICING POLICIES WHICH COULD CAUSE MARKET

DISRUPTION. UNDER TERMS OF AGREEMENT SWISS-ALBANIAN TRADE WILL CONTINUE TO BE CONDUCTED IN SWISS FRANCS OR OTHER CONVERTIBLE CURRENCIES AS IN PAST.

2. SWISS WERE APPROACHED INITIALLY BY ALBANIANS RE BILATERAL AGREEMENT IN MID-1974. FINAL TERMS OF AGREEMENT WERE CONCLUDED DURING NEGOTIATIONS IN BERN OCTOBER 21-24, WITH AMBASSADOR RAYMOND PROBST OF SWISS DIVISION OF COMMERCE REPRESENTING GOS, AND DEPUTY CHIEF OF ALBANIAN MINISTRY OF FOREIGN TRADE, AHMET JEGENI, AND COMMERCIAL COUNSELOR TAKU, OF ALBANIAN EMBASSY ROME REPRESENTING ALBANIANS. SWISS FEDERAL COUNCIL (CABINET) TO GIVE ROUTINE APPROVAL TO AGREEMENT SHORTLY.

3. IN OCT. 24 DISCUSSION WITH DCM, AMBASSADOR PROBST COMMENTED THAT SWISS CONSIDER POLITICAL IMPLICATIONS OF THE AGREEMENT MORE SIGNIFICANT THAN COMMERCIAL ASPECTS, AND VIEW ALBANIAN APPROACH TO SWISS AS ALBANIAN EFFORT TO OPEN WINDOW TO WEST, AND PERHAPS FIRST STEP IN SHEDDING SELF-IMPOSED ISOLATION. DURING THE NEGOTIATIONS THE SWISS WERE STRUCK BY CONSTANT REFERENCE ON PART OF ALBANIANS TO PEOPLE'S REPUBLIC OF CHINA (PRC) AS FRIEND AND USSR AS DANGEROUS ENEMY. SWISS WERE ABLE TO GET OVER SOMEWHAT DIFFICULT AND SOMETIMES AMUSING HURDLES IN THE NEGOTIATIONS BY EXPLAINING CERTAIN ASPECTS OF TRADE AGREEMENTS IN TERMS OF COMMON PRACTICE BY THE PRC. WHEN JEGENI FAILED TO UNDERSTAND MEANING OF MFN AND SAFEGUARD CLAUSES, PROBST ASSURED HIM THAT SUCH CLAUSES WERE STANDARD INTERNATIONAL USAGE AND THAT PRC UNDERSTOOD MEANING OF MFN AND SAFEGUARD CLAUSES. ASSURANCES THAT SUCH PRACTICES WERE ACCEPTABLE TO PRC PROVED SUFFICIENT TO CONVINCE JEGENI THEY COULD BE ACCEPTABLE TO ALBANIA. COMMENT: THERE IS NO BILATERAL TRADE AGREEMENT BETWEEN THE PRC AND SWITZERLAND. PROBST APPARENTLY DREW ON PRC AGREEMENTS WITH OTHER WESTERN EUROPEAN COUNTRIES IN MAKING HIS CASE TO JEGENI.

4. INCLUSION OF LIECHTENSTEIN IN THE AGREEMENT PRESENTED ANOTHER AMUSING OBSTACLE IN NEGOTIATIONS. SWISS ADVISED ALBANIANS THAT LIECHTENSTEIN HAS ALWAYS BEEN INCLUDED IN SWISS TRADE AGREEMENTS UNDER TERMS OF SWISS-LIECHTENSTEIN LIMITED OFFICIAL USE

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CUSTOMS UNION AGREEMENT DATING BACK TO 1920'S. JEGENI, WHO HAD APPARENTLY COME TO BERN PREPARED ONLY TO NEGOTIATE AGREEMENT WITH SWITZERLAND, REFUSED TO HAVE LIECHTENSTEIN MENTIONED IN AGREEMENT. COMPROMISE WAS REACHED WHEN JEGENI AGREED TO ACKNOWLEDGE IN WRITING RECEIPT OF LETTER FROM PROBST STATING THAT AS FAR AS THE SWISS WERE CONCERNED LIECHTENSTEIN WAS INCLUDED IN AGREEMENT. IN GENERAL, LACK OF EXPERIENCE AND LOW LEVEL OF UNDERSTANDING OF

REALITIES OF WESTERN TRADE PRACTICES ON PART OF ALBANIANS
SERVED TO FORTIFY PROBST'S CONVICTION THAT ALBANIANS
SOUGHT AGREEMENT FOR POLITICAL RATHER THAN COMMERCIAL
REASONS.

5. SWISS-ALBANIAN TRADE HAS GROWN STEADILY, BUT NOT
DRAMATICALLY OVER LAST SEVERAL YEARS. IN 1967 SWISS
IMPORTS FROM ALBANIA TOTALLED SWISS FRANCS 245,000
WHILE SWISS EXPORTS TO ALBANIA REACHED SWISS FRANCS
1.2 MILLION. IN 1973 SWISS EXPORTS TO ALBANIA TOTALLED
SWISS FRANCS 4.3 MILLION, WITH IMPORTS OF SWISS FRANCS
780,000. DURING FIRST SIX MONTHS OF 1974 SWISS EXPORTS
TO ALBANIA WERE SWISS FRANCS 2.7 MILLION, AND IMPORTS
SWISS FRANCS 606,000. MAJOR SWISS EXPORTS TO ALBANIA
ARE SYNTHETIC AND ORGANIC DYESTUFFS, TOBACCO PRODUCTS,
AND PHARMACEUTICALS, WHILE SWISS IMPORT ALBANIAN KNOTTED
RUGS AND PRESERVED VEGETABLES, ALONG WITH GOATSKINS, WOOL,
AND SOME MINERALS.
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